

Message Text

UNCLASSIFIED

PAGE 01 STATE 052951

61
ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

66011
DRAFTED BY:EUR/RPM:EREHFELD
DRAFTED BY:EUR/RPM3EREHFELD
----- 002778
R 041629Z MAR 76
FM SECSTATE WASHDC
TO USMISSION NATO

UNCLAS STATE 052951

FOLLOWING REPEAT OECD PARIS 6233 ACTION SECSTATE 02 MAR 76

QUOTE

UNCLAS OECD PARIS 06233

E.O. 11652: N/A
TAGS: OECD
SUBJECT: PENSION SCHEME

REF: STATE 45227

1. SUMMARY: MARCH 26 COUNCIL DISCUSSION OF PENSION SCHEME REVEALED CONTINUED STALEMATE OVER REVALIDATION ISSUE. ONLY BELGIUM AND GERMANY USPPORTED MINORITY POSITION, WHILE FRANCE, SUPPORTED BY ITALY AND A NUMBER OF SMALLER DELS, URGED SPEEDY SOLUTION BASED ON ORIGINAL FORMULA. US REP MADE STATEMENT PER REFTEL. SEC-GEN WILL REVERT TO ISSUE AT LATER DATE WITH PROCEDURAL PROPOSAL. END SUMMARY.

2. SECRETARIAT ARGUED THAT IT WAS LEGALLY, MORALLY AND PRACTICALLY IMPOSSIBLE TO ALTER RETROACTIVELY METHOD OF CALCULATING REVALIDATION COSTS WHICH HAS BEEN IN OPERATION IN OECD SINCE JULY 1, 1974. SECRETARIAT POINTED OUT THAT THERE IS NO PROBLEM OF EQUITY
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 052951

AT OECD, THAT IT WOULD BE UNPRECEDENTED AND IMPRUDENT

TO INTRODUCE CONCEPT OF EXCHANGE GUARANTEE AND THAT
OECD FINANCIAL EXPERTS HAD CONCLUDED THAT MINORITY
PROPOSAL COULD NOT TECHNICALLY BE PUT INTO OPERATION.
STAFF MORALE, PLUS FACT THAT THERE IS CLEARLY NO
UNANIMOUS AGREEMENT TO MODIFY 1974 COUNCIL DECISION,
CALLED URGENTLY FOR SOLUTION ON BASIS OF ORIGINAL
FORMULA.

3. IN ENSUING DISCUSSION ONLY BELGIUM AND GERMANY
SUPPORTED MINORITY POSITIONS. AMB TURNER MADE STATEMENT
CONTAINED IN REFTEL. ITALY, AUSTRALIA AND A NUMBER OF
SMALLER DELS SUPPORTED EMPHATIC FRENCH STATEMENT
OPPOSING MINORITY POSITION ON GROUNDS THAT:

A) IT REPRESENTS NOT "INTERPRETATION" BUT
"MODIFICATION" OF PARA. 27 WHICH WOULD CONTRADICT
1974 COUNCIL DECISION AND REQUIRE NEW DECISION
ON BASIS OF UNANIMITY;

B) SUCH CONCEPTS AS "INVESTMENT VALUE" AND
"REAL TERMS" CONTAINED IN MINORITY PROPOSAL
WERE NOT ONLY TECHNICALLY DIFFICULT (EVEN IMF
HAD NOT YET MASTERED THEM) BUT ALSO INTRODUCED
EXCHANGE GUARANTEE WHICH MIGHT WORK TO ADVANTAGE
OF GOVERNMENTS IN THIS INSTANCE BUT WOULD SET
VERY DANGEROUS PRECEDENT.

FRENCH DEL SAID HIS GOVERNMENT FULLY ACCEPTS "EQUILIBRIUM" BETWEEN COSTS TO GOVERNMENTS AND EMPLOYEES
IMPLIED BY ORIGINAL FORMULA AND WOULD NOT WISH TO SEE
IT MODIFIED.

4. JAPANESE POSITION WAS THAT SINCE THERE WAS NO
UNANIMOUS VIEW TO CHANGE 1974 COUNCIL DECISION
VALIDATION FORMULA SHOULD REMAIN AS DEFINED IN SECGENS'S
POSITION. UK DEL INDICATED THAT WHILE HIS GOVERNMENT
WOULD PREFER REVALIDATION FORMULA WHICH WOULD REQUIRE
HIGHER PAYMENT BY EMPLOYEES HMG FELT IT WAS TIME TO
SETTLE ISSUE AND WAS PREPARED TO ACCEPT MAJORITY
FORMULATION. AUSTRALIAN REP, A FINANCIAL EXPERT,
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 052951

EXPRESSED COMPLETE BAFFLEMENT AT RANGE OF TERMS USED
IN MINORITY POSITION ("TRUE VALUE, " "INTRINSIC VALUE",
"EFFECT OF MONETARY CHANGES."), DOUBTED THAT THEY COULD
BE CALCULATED EVEN IF CLARIFIED, AND SAW NO WAY OF
CLASSIFYING SUCH A FORMULA AS AN "INTERPRETATION" OF
OECD COUNCIL DECISION.

5. ONLY PROCEDURAL SUGGESTIONS MADE WERE US RECOMMEN-

DATION THAT ISSUE BE REMANDED TO CCG AND BELGIAN PROPOSAL THAT EXPERTS' GROUP COMPOSED OF INTERESTED DELS AND SECRETARIAT BE FORMED TO EXPLORE FEASIBILITY OF "REAL VALUE" CONCEPT. NEITHER OF THESE PROPOSALS OBTAINED ANY SUPPORT.

6. SUMMING UP, VAN LENNEP REITERATED HIS STRONG CONCERN OVER DELAY IN RESOLVING ISSUE AND SAID HE WISHED TO "REFLECT" ON STATEMENTS BY DELS, BEFORE MAKING PROCEDURAL PROPOSALS AIMED AT REACHING AN EARLY SOLUTION. TURNER UNQUOTE KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE052951
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPM:EREHFELD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760083-0850
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760393/aaaadeps.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 45227
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2004 by fisherem>; APPROVED <10 DEC 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PENSION SCHEME
TAGS: AORG, OECD, NATO
To: NATO BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006